



THE COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF CAMPAIGN & POLITICAL FINANCE

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**MEMORANDUM**

TO: Interested Parties  
FROM: Michael J. Sullivan, Director *MJS*  
SUBJECT: Disposition of Assets

A political committee must dispose of its assets such as furniture, computers, telephones, office equipment and other tangible assets *regardless of the value of the asset* in a manner that complies with the requirements of the campaign finance law, M.G.L. c. 55

The following methods may be used to dispose of an asset owned by a political committee. A political committee which is seeking to dissolve *must* dispose of all assets in accordance with Part I. A political committee which is not seeking to dissolve *may* dispose of assets in accordance with Part II.

**Part I - Dissolving Committees/Asset Disposition**

A political committee which is seeking to dissolve may dispose of any assets in accordance with the procedures set forth in Part II provided any funds received pursuant to such sales are subsequently distributed in accordance with the residual funds law. See M.G.L. c.55, s.18 as amended by Chapter 175 of the Acts of 1991. In addition, an asset may be donated directly to the type of entities listed in the residual funds law without first being sold provided the donation of the asset is made in the same manner and subject to the same restrictions applicable to residual funds.

The residual funds law provides that the residual funds of a political committee "shall be donated" to one of the following entities:

- (A) the Commonwealth's Local Aid Fund or Categorical Grants Fund, whichever is in effect;
- (B) the general fund of a city or town;
- (C) a charitable or religious organization subject to M.G.L. c. 67 or M.G.L. c. 12, s. 8, subject to certain restrictions; and
- (D) a scholarship fund, subject to certain restrictions.

As noted, donations to charitable or religious organizations and to scholarship funds are subject to certain restrictions. Specifically, a political committee may not make a donation to a charitable or religious organization if the candidate, treasurer or any official of the political committee is related by blood or marriage to any trustee, officer, principal or beneficiary of the organization at the time of the donation or within 10 years from the date of the donation. Similarly, a political committee may not

make a donation to a scholarship fund if the candidate, treasurer or any official of the political committee participates in the selection of the beneficiary of the scholarship or is related by blood or marriage to the beneficiary of a scholarship.

Before making a donation to a charitable or religious organization political committees should contact this office or the Attorney General's Division of Public Charities to insure that the particular organization receiving the donation is subject to, and in compliance with, the required statutory provisions. OCPF staff are also available to review planned donations of residual funds to insure compliance with the law.

### **Part II - Continuing Committees/Asset Disposition**

(A) A candidate on whose behalf a candidate committee is organized may purchase an asset from the committee at its fair market value with the candidate's personal funds. Care should be taken to ensure that fair market value has been independently established.

(B) An individual other than the candidate on whose behalf a candidate committee is organized may purchase an asset from any political committee, provided all the following requirements are met:

(1) The asset is sold to the individual at its fair market value.

(2) The fair market value of the asset does not exceed the amount an individual may contribute to the particular political committee in a calendar year, e.g. \$500 to a candidate committee or PAC, \$102 (indexed biennially) to a people's committee, \$5,000 to a political party committee, unlimited to a ballot question committee.

(3) The purchase of all such assets together with any other contributions received by the committee or candidate from that individual does not exceed the amount an individual may contribute to the particular political committee in a calendar year.

(C) A political committee may sell an asset at its fair market value to a company in the business of buying or selling the particular asset being sold. The sale of an asset to such a company must be conducted in the ordinary course of business and in a manner consistent with the company's usual and customary business practices.

(D) A transfer of anything of value **between** political committees organized in accordance with M.G.L. c. 55 is defined as a contribution by the campaign finance law. See M.G.L. c. 55, s. 1. When the transfer of an asset for money occurs, therefore, both committees are making a contribution to each other. The committee selling the asset is making an in-kind contribution, i.e. the asset, to the receiving committee. The committee buying the asset is making a monetary contribution, i.e. the payment for the asset, to the selling committee. When such a transfer is made, **both** contributions must comply with the applicable contribution limitations. Because of the many different limits established by the campaign finance law, committees considering a transfer of anything of value are advised to contact OCPF prior to making the transfer.

(E) The committee may donate assets to a charitable entity subject to M.G.L. c.12, s.8(f), a religious or charitable organization subject to c.67 or a non-profit corporation incorporated under M.G.L. c.180 provided that the charitable donation complies the applicable provisions of 970 CMR 2.05 (2)(w) or 970 CMR 2.06 (3)(a) by meeting the following requirements:

(1) Neither the candidate, treasurer nor any official of the political committee is a trustee, officer, principal or beneficiary or involved in any manner in the operations of the entity receiving the donation.

(2) Neither the candidate, treasurer nor any official of the political committee is related by blood or marriage with any trustee, officer, principal or beneficiary of the entity receiving the donation.

(3) Making charitable donations is a usual and customary practice of that political committee.

(4) The candidate or political committee will receive publicity and foster political goodwill as a result of making the donation, or, in the case of a constitutional candidate, the candidate or political committee will receive publicity and foster political goodwill towards the particular campaign during which the donation is made.

Please feel free to contact this office regarding this memorandum or any other campaign finance matter.